

CONTROLLER JOHN CHIANG

STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.controller.ca.gov

PR07:023

FOR IMMEDIATE RELEASE:
MAY 10, 2007

CONTACT: HALLYE JORDAN
916-445-2636

Chiang Releases Cash-Flow Figures Through April

Personal Income Tax Receipts Break Monthly Record, Boost General Fund

SACRAMENTO – State Controller John Chiang today released his monthly report detailing California’s cash balance, receipts and disbursements during the first 10 months of the fiscal year. The *Statement of General Fund Cash Receipts and Disbursements*, showed more than \$15 billion poured into the state’s General Fund in April, largely due to a historic \$12 billion in personal income tax payments.

The infusion of cash boosted the state’s General Fund for the fiscal year to \$79 billion, \$1.1 billion above the Budget Act estimate and \$256 million more than the Governor projected in his January budget. Although the state’s General Fund has grown 2.4% over the same time last year, the rate of growth is behind the average year-over-year growth of 7.7% during the past 10 years.

“The increase in personal income tax revenues certainly is welcome news for California, but we need to keep tabs on a few indicators that suggest revenue growth may slow as we enter the next fiscal year,” Chiang said. “Specifically, we need to keep a sharp eye on how the estimated tax payments for 2007 perform in June, when the second installments are due.”

California historically receives the largest amount of monthly revenue in April, when taxpayers not only make their final payments for the previous tax year, but also payments for the current tax year that can provide an indication of what future earnings will be. Payroll withholding taxes, which refer to taxes that employers hold back from the pay of current employees, and the first installment of estimated tax payments, which are usually paid by higher-income earners, are two figures that can signal what the state can expect in terms of revenue in the upcoming fiscal year.

Revenue is higher than expectations, primarily because expectations were for very slow revenue growth this fiscal year. Through the end of April, personal income tax receipts are 5.2% higher than at this date last year, compared to 10.5% year-over-year average for the past 10 years. Corporate taxes are 3.5% above last year, compared to the 10-year historical average of 6.8%. Sales taxes, however, are 1.4% below last year’s level, significantly below the 6.4% average increase over the past 10 years.

As the state’s Chief Fiscal Officer, the State Controller is required to issue monthly financial statements on the state’s cash flow. Controller Chiang also offers a Summary Analysis to provide context to the raw numbers.

The [financial statement](#) and the [summary analysis](#) can be found on the Controller’s Web site at www.sco.ca.gov.

###